

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 PA-02 PRS-01 AGRE-00 DODE-00 PM-04 OES-06
FEA-01 ERDA-07 /113 W
-----281253Z 006533 /45

R 280820Z MAR 77
FM AMCONCUL LYON
TO SECSTATE WASHDC 1009
AMEMBASSY PARIS
RUFJCX /AMCONSUL MARSEILLE 0055
AMCONSUL BORDEAUX
AMCONSUL NICE
AMCONSUL STRASBURG

UNCLAS LYON 0079

E.O. 11652 :N/A
TAGS : ECON, PINT,FR
SUBJECT : HIGHLIGHTS FROM MAJOR ECONOMIC ADDRESS BY PRIME
MINISTER BARRE AT LYON FAIR

SUMMARY : PRIME MINISTER RAYMOND BARRE USED THE OCCASION
OF THE OFFICIAL OPENING OF THE LYON INTERNATIONAL FAIR
TO MAKE A MAJOR ECONOMIC ADDRESS AND TO ANNOUNCE NEW MEASURES
TO STIMULATE THE ECONOMY. END SUMMARY

OPENING THE 59TH LYON INTERNATIONAL FAIR ON SUNDAY
MARCH 27TH, PRIME MINISTER BARRE BEGAN HIS REMARKS BY
PRAISING THE COURAGE AND CONVICTION OF THE ORGANIZERS
OF THIS YEAR S FAIR WHICH FEATURES MORE THAN
2500 EXHIBITORS, 520 OF WHICH CAME FROM ABROAD.

IN WHAT SOME OBSERVERS CONSIDERED A DIG AT CHIRAC,
BARRE DESCRIBED THE DIFFICULT ECONOMIC SITUATION HE
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INHERITED LAST SUMMER, HE RECALLED ACCELERATING PRICE
INCREASES, A DETERIORATING TRADE BALANCE, THE WEAKENING
FRANC AND A MASSIVE BUDGETQRY DEFICIT.

SEVEN MONTHS LATER, HE WENT ON. CERTAIN PROBLEMS REMAIN,
BUT THE RIGOROUS ECONOMIC POLICY DEVELOPED AND APPLIED
BY THE GOF HAS PRODUCED DEFINITE RESULTS : THE

FRANC IS STABLE COMPARED TO THE DOLLAR AND HAS EASILY WEATHERED THE ELECTION PERIOD. THE TRADE BALANCE HAS IMPROVED TO THE POINT WHERE EXPORTS NOW COVER 94 0/0 OF IMPORTS AS COMPARED TO 84 0/0 LAS SEPTEMBER. THE BALANCE OF PAYMENTS DEFICIT WHICH WAS RUNNING AT 12 BILLION FRANCS IN THE THIRD QUARTER WAS REDUCED TO 7 BILLION IN THE FOURTH QUARTER, 1976. INFLATION WAS HELD TO LESS THAN 10 0/0 IN 1976 AND THE REDUCTION IN VALUE ADDED TAX IS HAVING FURTHER FAVORABLE EFFECT. THE BUDGET DEFICIT HAS BEEN REDUCED FROM 22 TO 18 BILLION FRANCS.

WHILE BARRE ADMITTED THAT THE UNEMPLOYMENT PROBLEM REMAINS TROUBLESOME, HE ARGUED THAT THE GOF'S SEVERE ECONOMIC MEASURES HAD NOT BROUGHT ABOUT A RECESSION AS SOME PREDICTED. HE NOTED THAT 42 0/0 OF ALL EMPLOYMENT REQUESTS WERE RECEIVED LESS THAN THREE MONTHS AGO.

WHILE BARRE INSISTED THAT HIS VIGOROUS PROGRAM MUST BE MAINTAINED THROUGHOUT 1977, HE NEVERTHELESS ANNOUNCED THE FOLLOWING MEASURES TO STIMULATE THE ECONOMY AND CREATE ADDITIONAL EMPLOYMENT:

- 1) RELAXATION OF PRICE POLICY, PARTICULARLY IN THE AGRICULTURAL SECTOR.
- 2) RATIONALIZATION OF THE STEEL INDUSTRY BY MEANS OF A PROGRAM INVOLVING FINANCIAL AND SOCIAL ASSISTANCE.
- 3) SIMILAR RATIONALIZATION IN THE FIELDS OF NAVAL CONSTRUCTION, AVIATION AND THE FERTILIZER AND PAPER INDUSTRIES.

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TRIES.

- 4) ESTABLISHMENT OF 3 BILLION FRANCS OF CREDITS TO FINANCE EXPORTING INDUSTRIES AT LOW (UNSPECIFIED) INTEREST RATES.
- 5) CREDITS OF 1 BILLION FRANCS FOR ENERGY SAVING INVESTMENTS.
- 6) FINANCIAL AID (TO BE ANNOUNCED SHORTLY) FOR THE BUILDING AND PUBLIC WORKS SECTOR.
- 7) ESTABLISHMENT IN APRIL OF 4 BILLION FRANCS IN CREDITS TO FINANCE NEW INVESTMENTS, 2 BILLION OF WHICH WILL BE DESTINED FOR SMALL AND MEDIUM FIRMS AND 2 BILLION FOR LARGE COMPANIES. PRIORITY WILL BE GIVEN TO FINANCING INVESTMENTS IN THOSE INDUSTRIES IN WHICH EMPLOYMENT PROBLEMS ARE MORE SEVERE.
- 8) EFFORTS, TO BE DETAILED SHORTLY, TO IMPROVE THE FUNCTIONING OF THE LABOR MARKET TO INCREASE THE RATE OF EMPLOYMENT, PARTICULARLY OF YOUNG WORKERS.
- 9) AN INCREASE IN EXISTING FAMILY ALLOWANCES FOR CHILDREN TO BE ACCORDED IN THE NEAR FUTURE.

CONCLUDING HIS REMARKS, PRIME MINISTER BARRE POINTED
OUT THAT, AFTER 20 YEARS OF CONSTANT EXPANSION, ECONOMIC
TIMES HAVE CHANGED IN FRANCE. HE CALLED ON ALL FRENCHMEN
TO SUPPPORT HIS ECONOMIC POLICY WITH DISCIPLINE AND
CONSTANT EFFORT AND TO REFRAIN FROM EXCESSIVE DEMANDS
WHICH IN THE END WOULD ONLY HURT THEIR OPPORTUNITY
FOR JOB SECURITY AND LEAD TO A REDUCTION IN THIER
STANDARD OF LIVING.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
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Control Number: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
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Subject: HIGHLIGHTS FROM MAJOR ECONOMIC ADDRESS BY PRIME MINISTER BARRE AT LYON FAIR SUMMARY : PRIME MINISTER RAYMOND BARRE USED THE OC
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